

House File 2424 - Introduced

HOUSE FILE 2424
BY RANTS

A BILL FOR

1 An Act relating to the establishment, funding, and bonding
2 authority of public charter schools.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.163 Authority to issue public
2 charter school facilities bonds and notes.

3 The authority shall assist a public charter school
4 established under chapter 257A, and the authority shall have
5 all of the powers delegated to it in a chapter 28E agreement
6 by a governing board of a public charter school established
7 pursuant to chapter 257A, or a private developer contracting
8 with a public charter school established pursuant to chapter
9 257A, to develop a public charter school facility, with respect
10 to the issuance or securing of bonds or notes as provided in
11 section 257A.11, subsection 4.

12 Sec. 2. NEW SECTION. 257A.1 Short title.

13 This chapter may be cited as the "*Public Charter Schools*
14 *Act*".

15 Sec. 3. NEW SECTION. 257A.2 Legislative findings and
16 declaration of purpose.

17 1. The general assembly finds and declares the following:

18 a. It is in the best interests of the people of the state
19 to provide all children with public schools that reflect high
20 expectations and to create conditions in all schools where
21 these expectations can be met.

22 b. Education reform is necessary to strengthen the
23 performance of elementary and secondary public school students.

24 c. Those who know students best, their parents and
25 educators, make the best education decisions regarding the
26 students.

27 d. Parents and educators have a right and a responsibility
28 to participate in the education institutions which serve Iowa's
29 children.

30 e. Different students learn differently and public school
31 programs should be customized to fit the needs of individual
32 students.

33 f. There are parents, educators, and other citizens in the
34 state willing and able to offer educational programs but who
35 lack a channel through which they can direct their efforts.

1 2. The purpose of establishing public charter schools in
2 this state is to accomplish the following:

3 a. Improve student learning by creating high-quality schools
4 with high standards for student performance.

5 b. Close achievement gaps between high-performing and
6 low-performing groups of public school students.

7 c. Increase high-quality educational opportunities within
8 the public education system for all students, especially those
9 at risk of academic failure.

10 d. Create new professional opportunities for teachers,
11 school administrators, and other school personnel that allow
12 them to have a direct voice in the operation of their schools.

13 e. Encourage the use of different, high-quality models of
14 teaching, governing, scheduling, or other aspects of schooling
15 that meet a variety of student needs.

16 f. Allow public schools freedom and flexibility in exchange
17 for exceptional levels of results-driven accountability.

18 g. Provide students, parents, community members, and local
19 entities with expanded opportunities for involvement in the
20 public education system.

21 h. Encourage the replication of successful public charter
22 schools.

23 3. All public charter schools in the state established under
24 this chapter are public schools and are part of the state's
25 public education system. The provisions of this chapter should
26 be interpreted liberally to support the findings and purposes
27 of this section and to advance a renewed commitment by the
28 state to the mission, goals, and diversity of public education.

29 **Sec. 4. NEW SECTION. 257A.3 Definitions.**

30 As used in this chapter, unless the context otherwise
31 requires:

32 1. "*Applicant*" means any person or group of persons that
33 develops and submits an application for a public charter school
34 to an authorizer.

35 2. "*Application*" means a proposal from an applicant to

1 an authorizer to enter into a charter contract whereby the
2 proposed school obtains public charter school status.

3 3. "*At-risk student*" means a student who has an economic
4 or academic disadvantage that requires special services and
5 assistance to succeed in educational programs. The term
6 includes but is not limited to students who are members
7 of economically disadvantaged families, students who are
8 identified as having special educational needs, students who
9 are limited in English proficiency, students who are at risk
10 of dropping out of high school, and students who do not meet
11 minimum standards of academic proficiency.

12 4. "*Authorizer*" means an entity authorized under this
13 chapter to review applications, decide whether to approve
14 or reject applications, enter into charter contracts with
15 applicants, oversee public charter schools, and decide whether
16 to renew, not renew, or revoke charter contracts.

17 5. "*Charter contract*" means a fixed-term, renewable
18 contract between a public charter school and an authorizer that
19 outlines the roles, powers, responsibilities, and performance
20 expectations for each party to the contract.

21 6. "*Commission*" means the Iowa public charter school
22 commission created pursuant to section 257A.6.

23 7. "*Conversion public charter school*" means a charter school
24 that existed as a noncharter public school before becoming a
25 public charter school.

26 8. "*Education service provider*" means a for-profit
27 education management organization, nonprofit charter management
28 organization, school design provider, or any other partner
29 entity with which a public charter school intends to contract
30 for educational design, implementation, or comprehensive
31 management.

32 9. "*Governing board*" means the independent board of a public
33 charter school that is party to the charter contract with the
34 authorizer and whose members have been elected or selected
35 pursuant to the public charter school's application.

1 10. "*Local school board*" means a school board exercising
2 management and control of a local school district pursuant to
3 state statutes.

4 11. "*Local school district*" means a public agency that
5 establishes and supervises one or more public schools within
6 its geographical limits pursuant to state statutes.

7 12. "*Noncharter public school*" means a public school that is
8 under the direct management, governance, and control of a local
9 school board.

10 13. "*Parent*" means a parent, guardian, or other person or
11 entity having legal custody of a child.

12 14. "*Public charter school*" means a public school
13 established under this chapter that meets the following
14 criteria:

15 a. Has autonomy over decisions including but not limited to
16 matters concerning finance, personnel, scheduling, curriculum,
17 and instruction.

18 b. Is governed by an independent governing board.

19 c. Is established and operating under the terms of a charter
20 contract between the school's board and its authorizer.

21 d. Is a school to which parents choose to send their
22 children.

23 e. Admits students on the basis of a lottery if more
24 students apply for admission than can be accommodated.

25 f. Provides a program of education that includes one or
26 more of the following: preschool, prekindergarten, any grade
27 or grades from kindergarten through 12th grade, and adult
28 community, continuing, and vocational education programs.

29 g. Operates in pursuit of a specific set of educational
30 objectives as defined in its charter contract.

31 h. Operates under the oversight of its authorizer in
32 accordance with its charter contract.

33 15. "*Start-up public charter school*" means a public charter
34 school that did not exist as a noncharter public school prior
35 to becoming a public charter school.

1 16. "Student" means any child who is eligible for attendance
2 in public schools in the state.

3 17. "Virtual public charter school" means a public charter
4 school that offers educational services predominantly through
5 the internet.

6 Sec. 5. NEW SECTION. 257A.4 Enrollment.

7 1. *Enrollment requirements.* Open enrollment and lottery
8 requirements are as follows:

9 a. A public charter school shall be open to any student
10 residing in the state.

11 b. A school district shall not require any student enrolled
12 in the school district to attend a public charter school.

13 c. A public charter school shall not limit admission based
14 on ethnicity, national origin, religion, gender, income level,
15 disabling condition, proficiency in the English language, or
16 academic or athletic ability.

17 d. A public charter school may limit admission to students
18 within a given age group or grade level and may be organized
19 around a special emphasis, theme, or concept as stated in the
20 school's application.

21 e. A public charter school shall enroll all students who
22 wish to attend the school, unless the number of students
23 exceeds the capacity of a program, class, grade level, or
24 building.

25 f. If capacity is insufficient to enroll all students who
26 wish to attend the school, the public charter school shall
27 select students through a lottery.

28 2. *Enrollment preferences.* Enrollment preferences include
29 the following:

30 a. Any noncharter public school converting partially or
31 entirely to a public charter school shall adopt and maintain
32 a policy giving enrollment preference to students who reside
33 within the former attendance area of that public school.

34 b. A public charter school shall give enrollment preference
35 to students enrolled in the public charter school the previous

1 school year and to siblings of students already enrolled in the
2 public charter school. An enrollment preference for returning
3 students excludes those students from entering into a lottery.

4 *c.* A public charter school may give enrollment preference to
5 children of a public charter school's founders, governing board
6 members, and full-time employees, so long as they constitute no
7 more than ten percent of the school's total student population.

8 3. *Focusing of mission.* This section does not preclude
9 the formation of a public charter school whose mission is
10 focused on serving students with disabilities, students of
11 the same gender, students who pose such severe disciplinary
12 problems that they warrant a specific educational program, or
13 students who are at risk of academic failure. If capacity is
14 insufficient to enroll all students who wish to attend such
15 school, the public charter school shall select students through
16 a lottery.

17 4. *Credit transferability.* If a student who was previously
18 enrolled in a public charter school enrolls in another public
19 school in this state, the student's new school shall accept
20 credits earned by the student in courses or instructional
21 programs at the public charter school in a uniform and
22 consistent manner and according to the same criteria that are
23 used to accept academic credits from other public schools.

24 5. *Information to parents and the general public.* A local
25 school district shall provide or publicize to parents and
26 the general public information about public charter schools
27 authorized by the district as an enrollment option within the
28 district to the same extent and through the same means that the
29 district provides and publicizes information about noncharter
30 public schools in the district.

31 6. *Determination of student capacity of public charter*
32 *schools.* An authorizer shall not restrict the number of
33 students a public charter school may enroll. The capacity of
34 the public charter school shall be determined annually by the
35 governing board of the public charter school in conjunction

1 with the authorizer and in consideration of the public charter
2 school's ability to facilitate the academic success of its
3 students, to achieve the other objectives specified in the
4 charter contract, and to ensure that its student enrollment
5 does not exceed the capacity of its facility or site.

6 Sec. 6. NEW SECTION. **257A.5 Authorizers.**

7 1. *Authority to authorize.* The state public charter school
8 commission created under section 257A.6 may authorize public
9 charter schools anywhere in the state, provided that the
10 commission fulfills requirements of all public charter school
11 authorizers under this chapter.

12 2. *Eligible authorizing entities.* The following eligible
13 authorizing entities may register with the commission pursuant
14 to subsection 4 for the following purposes:

15 a. A local school board for chartering authority within the
16 boundaries of the local school district overseen by the local
17 school board.

18 b. Governing boards of accredited public or private
19 postsecondary institutions, including community colleges and
20 four-year colleges and universities for statewide, regional,
21 or local chartering authority, in accordance with each
22 institution's regular operating jurisdiction.

23 c. A city may apply to the commission for chartering
24 authority within the city's jurisdiction.

25 d. Governing boards of nonprofit or charitable
26 organizations, which are exempt from federal taxes under
27 sections 501(c)(3) or 501(c)(6) of the Internal Revenue
28 Code, for statewide, regional, or local chartering authority.
29 Nonpublic sectarian or religious organizations, and any other
30 charitable organization which in their federal IRS Form 1023,
31 Part IV, describe activities indicating a religious purpose,
32 are not eligible to apply to become an authorizer.

33 3. *Authorizer powers, duties, and liabilities.*

34 a. Authorizers are responsible for executing, in accordance
35 with this chapter, the following essential powers and duties:

1 (1) Soliciting and evaluating charter applications.

2 (2) Approving quality charter applications that meet
3 identified educational needs and promote a diversity of
4 educational choices.

5 (3) Declining to approve weak or inadequate charter
6 applications.

7 (4) Negotiating and executing sound charter contracts with
8 each approved public charter school.

9 (5) Monitoring, in accordance with charter contract terms,
10 the performance and legal compliance of public charter schools.

11 (6) Determining whether each charter contract merits
12 renewal, nonrenewal, or revocation.

13 *b.* An authorizing entity may delegate its duties to offices,
14 employees, and contractors.

15 *c.* Regulation by authorizers shall be limited to these
16 powers and duties, and consistent with the spirit and intent of
17 this chapter.

18 *d.* An authorizing entity, members of the board of an
19 authorizer in their official capacity, and employees of an
20 authorizer are immune from civil and criminal liability with
21 respect to all activities related to a public charter school
22 they authorize.

23 4. *Principles and standards for charter authorizing.* All
24 authorizers shall be required to develop and maintain
25 chartering policies and practices consistent with nationally
26 recognized principles and standards for quality charter
27 authorizing in all major areas of authorizing responsibility
28 including: organizational capacity and infrastructure;
29 soliciting and evaluating charter applications; performance
30 contracting; ongoing public charter school oversight and
31 evaluation; and charter renewal decision-making. Authorizers
32 shall carry out all their duties under this chapter in a
33 manner consistent with such nationally recognized principles
34 and standards and with the spirit and intent of this chapter.
35 Evidence of material or persistent failure to do so shall

1 constitute grounds for losing charter authorizing powers.

2 5. *Authorizer reporting.* Every authorizer shall be required
3 to submit to the commission and the general assembly an annual
4 report summarizing:

5 a. The authorizer's strategic vision for chartering and
6 progress toward achieving that vision.

7 b. The academic and financial performance of all operating
8 public charter schools overseen by the authorizer, according
9 to the performance expectations for public charter schools set
10 forth in this chapter.

11 c. The status of the authorizer's public charter school
12 portfolio, identifying all public charter schools in each of
13 the following categories: approved, but not yet open; and
14 operating, renewed, transferred; and revoked, not renewed,
15 voluntarily closed, or never opened.

16 d. The authorizing functions provided by the authorizer
17 to the public charter schools under its purview, including
18 the authorizer's operating costs and expenses detailed in
19 annual audited financial statements that conform with generally
20 accepted accounting principles.

21 e. The services purchased from the authorizer by the public
22 charter schools under its purview, including an itemized
23 accounting of the actual costs of these services, as required
24 in subsection 9.

25 6. *Authorizer funding.*

26 a. To cover authorizer costs for overseeing public charter
27 schools in accordance with this chapter, the commission shall
28 remit to each authorizer an oversight fee for each public
29 charter school it authorizes. The oversight fee shall be drawn
30 from and calculated as a uniform percentage of the per-student
31 operational funding allocated to each public charter school
32 under section 257A.10, subsection 2, not to exceed three
33 percent of each public charter school's per-student funding
34 in a single school year. The commission shall establish a
35 statewide formula for authorizer funding, which shall apply

1 uniformly to every authorizer in the state. The commission
2 shall submit the formula, and any succeeding amendments to
3 the formula, to the department of management, the general
4 assembly, and the governor, and shall provide any additional
5 information required by the department of management.
6 The formula shall be established by statute prior to the
7 appropriation or distribution of state funds for purposes of
8 establishing a public charter school. The commission may
9 establish a sliding scale for authorizer funding, with the
10 funding percentage decreasing after the authorizer has achieved
11 a certain threshold, such as after a certain number of years
12 of authorizing or after a certain number of schools has been
13 authorized.

14 *b.* An authorizer's oversight fee shall not include any
15 costs incurred in delivering services that a public charter
16 school may purchase at its discretion from the authorizer.
17 The authorizer shall use its funding provided under this
18 section exclusively for the purpose of fulfilling authorizing
19 obligations in accordance with this chapter.

20 *c.* The commission shall annually review the effectiveness of
21 the state formula for authorizer funding, and shall adjust the
22 formula if necessary to maximize public benefit and strengthen
23 the implementation of this chapter.

24 7. *Conflicts of interest.* An employee, trustee, agent,
25 or representative of an authorizer shall not simultaneously
26 serve as an employee, trustee, agent, representative, vendor,
27 or contractor of a public charter school authorized by that
28 authorizer.

29 8. *Exclusivity of authorizing functions and rights.* A
30 governmental or other entity, other than those expressly
31 granted chartering authority as set forth in this chapter or
32 chapter 256F, shall not assume any charter authorizing function
33 or duty in any form, unless expressly allowed by law.

34 9. *Services purchased from authorizer — itemized accounting.*
35 *a.* With the exception of oversight services as required by

1 subsection 6, a public charter school shall not be required to
2 purchase services from its authorizer as a condition of charter
3 approval or of executing a charter contract, and any such
4 condition shall not be implied.

5 *b.* A public charter school may, at its discretion, choose
6 to purchase services from its authorizer. In such event, the
7 public charter school and authorizer shall execute an annual
8 service contract, separate from the charter contract, stating
9 the parties' mutual agreement concerning any services to be
10 provided by the authorizer and any service fees to be charged
11 to the public charter school. An authorizer shall not charge
12 more than market rates for services provided to a public
13 charter school.

14 *c.* Within thirty days after the end of each fiscal year,
15 an authorizer shall provide to each public charter school it
16 oversees an itemized accounting of the actual costs of services
17 purchased by the public charter school from the authorizer.
18 Any difference between the amount initially charged to the
19 public charter school and the actual cost shall be reconciled
20 and paid to the owed party. If either party disputes the
21 itemized accounting, any charges included in such accounting,
22 or charges to either party, the disputing party is entitled to
23 request a third-party review at its own expense. The review
24 shall be conducted by the commission, whose determination shall
25 be final.

26 Sec. 7. NEW SECTION. 257A.6 Iowa public charter school
27 commission.

28 1. An Iowa public charter school commission is established
29 as an independent state agency with statewide chartering
30 jurisdiction and authority.

31 2. The mission of the commission shall be to authorize
32 high-quality public charter schools throughout the state,
33 particularly schools designed to expand opportunities for
34 at-risk students, consistent with the purposes of this chapter.

35 3. The commission shall consist of nine members serving

1 three-year terms. Three members shall be appointed by the
2 governor; two members shall be appointed by the president of
3 the senate after consultation with the majority leader; one
4 member shall be appointed by the minority leader of the senate;
5 two members shall be appointed by the speaker of the house
6 of representatives; and one member shall be appointed by the
7 minority leader of the house of representatives. A member
8 shall not serve more than seven consecutive years. In making
9 the appointments, the governor, the president of the senate,
10 and the speaker of the house of representatives shall ensure
11 statewide geographic diversity among commission members.

12 4. Members appointed to the commission shall collectively
13 possess strong experience and expertise in public and
14 nonprofit governance, management and finance, public school
15 leadership, assessment, and curriculum and instruction, and
16 public education law. All members of the commission shall
17 have demonstrated understanding of and commitment to charter
18 schooling as a strategy for strengthening public education.

19 5. Notwithstanding subsection 3, to establish staggered
20 terms of office, each of the appointing authorities as provided
21 in subsection 3 shall appoint one member to an initial term
22 of one year, one member to an initial term of two years, and
23 one member to an initial term of three years. The initial
24 appointments shall be made no later than May 1, 2011. This
25 subsection is repealed July 1, 2014.

26 6. A member of the commission may be removed for any cause
27 that renders the member incapable or unfit to discharge the
28 duties of the office. Whenever a vacancy on the commission
29 exists, the original appointing authority shall appoint a
30 member for the remaining portion of the term.

31 7. The commission may receive and expend gifts, grants,
32 and donations of any kind from any public or private entity to
33 carry out the purposes of this chapter, subject to the terms
34 and conditions under which they are given, provided that all
35 such terms and conditions are permissible under law.

1 8. The commission shall operate with dedicated resources
2 and staff qualified to execute the day-to-day responsibilities
3 of public charter school authorizing in accordance with this
4 chapter.

5 9. *Chartering authority registration of local school boards.*

6 a. The commission shall publicize to all local school boards
7 the opportunity to register with the state for chartering
8 authority within the local school districts they oversee. By
9 October 1 annually, the commission shall provide information
10 about the opportunity, including a registration deadline, to
11 all local school boards. To register as a charter authorizer
12 in its local school district, each interested local school
13 board shall submit the following information in a format to be
14 established by the commission:

15 (1) Written notification of intent to serve as a charter
16 authorizer in accordance with this chapter.

17 (2) An explanation of the local school board's strategic
18 vision for chartering.

19 (3) An explanation of the local school board's budget and
20 personnel capacity and commitment to execute the duties of
21 quality charter authorizing, in accordance with this chapter.

22 (4) An explanation of how the local school board will
23 solicit public charter school applicants, in accordance with
24 this chapter.

25 (5) A description or outline of the performance framework
26 the local school board will use to guide the establishment of a
27 charter contract and for ongoing oversight and evaluation of
28 public charter schools, consistent with the requirements of
29 this chapter.

30 (6) A draft of the local school board's renewal, revocation,
31 and nonrenewal processes, consistent with section 257A.8,
32 subsection 3.

33 (7) A statement of assurance that the local school board
34 commits to serving as a charter authorizer in fulfillment of
35 the expectations, spirit, and intent of this chapter, and

1 will fully participate in any authorizer training provided or
2 required by the state.

3 *b.* Within sixty days of receipt of a local school board's
4 duly submitted registration materials, the commission shall
5 register the local school board as a charter authorizer
6 within the local school board's local school district, and
7 shall provide the local school board a letter confirming its
8 registration as a charter authorizer. A local school board
9 shall not engage in any charter-authorizing functions without
10 current registration as a charter authorizer with the state.
11 Once registered, the local school board's registration as a
12 charter authorizer shall continue from year to year, provided
13 that the local school board fulfills all charter-authorizing
14 duties and expectations set forth in this chapter and remains
15 an authorizer in good standing with the commission.

16 10. *Chartering authority application for eligible entities.*

17 *a.* The commission shall establish the annual application
18 and approval process, including cycles and deadlines during the
19 fiscal year, for all entities eligible to apply for chartering
20 authority. By December 1 of each year, the commission shall
21 make available information and guidelines for all eligible
22 entities concerning the opportunity to apply for chartering
23 authority under this chapter. The application process
24 shall require each interested eligible entity to submit an
25 application that clearly explains or presents the following
26 elements:

27 (1) Written notification of intent to serve as a charter
28 authorizer in accordance with this chapter.

29 (2) The applicant entity's strategic vision for chartering.

30 (3) A plan to support the vision presented, including
31 explanation and evidence of the applicant entity's budget
32 and personnel capacity and commitment to execute the
33 responsibilities of quality charter authorizing, in accordance
34 with this chapter.

35 (4) A draft or preliminary outline of the request for

1 proposals that the applicant entity would, if approved as a
2 charter authorizer, issue to solicit public charter school
3 applicants, consistent with section 257A.7, subsection 1.

4 (5) A draft of the performance framework that the applicant
5 entity would, if approved as a charter authorizer, use to
6 guide the establishment of a charter contract and for ongoing
7 oversight and evaluation of public charter schools, consistent
8 with the requirements of this chapter.

9 (6) A draft of the applicant entity's renewal, revocation,
10 and nonrenewal processes, consistent with 257A.8, subsection 3.

11 (7) A statement of assurance that the applicant entity
12 seeks to serve as a charter authorizer in fulfillment of the
13 expectations, spirit, and intent of this chapter, and that
14 if approved as a charter authorizer, the entity will fully
15 participate in any authorizer training provided or required by
16 the state.

17 (8) A statement of assurance that the applicant will
18 ensure public accountability and transparency in all matters
19 concerning their charter-authorizing practices, decisions, and
20 expenditures.

21 *b.* By February 1 of each year, the commission shall
22 decide whether to grant or deny chartering authority to each
23 applicant. The commission shall make its decisions on the
24 merits of each applicant's proposal and plans.

25 *c.* Within ten days of the commission's decision, the
26 commission shall execute a renewable authorizing contract with
27 each entity it has approved for chartering authority. The
28 initial term of each authorizing contract shall be six years.
29 The authorizing contract shall specify each approved entity's
30 agreement to serve as a charter authorizer in accordance with
31 the expectations of this chapter, and shall specify additional
32 performance terms based on the applicant's proposal and plan
33 for chartering. An approved entity shall not commence charter
34 authorizing without an authorizing contract in effect.

35 11. *Oversight of public charter school authorizers.*

1 *a.* The commission shall be responsible for overseeing the
2 performance and effectiveness of all authorizers established
3 under this chapter.

4 *b.* In accordance with section 257A.5, subsection 5, every
5 authorizer shall be required to submit to the commission and
6 the general assembly an annual report. The commission shall,
7 by February 1 annually, communicate to every authorizer the
8 requirements for the format, content, and submission of the
9 annual report.

10 *c.* Persistently unsatisfactory performance of an
11 authorizer's portfolio of public charter schools, a pattern
12 of well-founded complaints about the authorizer or its public
13 charter schools, or other objective circumstances may trigger a
14 special review by the commission. In reviewing or evaluating
15 the performance of authorizers the commission shall apply
16 nationally recognized principles and standards for quality
17 charter authorizing. If at any time the commission finds that
18 an authorizer is not in compliance with an existing charter
19 contract, its authorizing contract with the commission, or
20 the requirements of all authorizers under this chapter, the
21 commission shall notify the authorizer in writing of the
22 identified problems, and the authorizer shall have reasonable
23 opportunity to respond and remedy the problems.

24 *d.* If a local school board registered as an authorizer under
25 subsection 9 persists in violating a material provision of a
26 charter contract or fails to remedy other authorizing problems
27 after due notice from the commission, the commission shall
28 notify the local school board, within a reasonable amount of
29 time under the circumstances, that it intends to terminate the
30 local school board's chartering authority unless the local
31 school board demonstrates a timely and satisfactory remedy for
32 the violation or deficiencies.

33 *e.* If an authorizer granted chartering authority under
34 subsection 10 persists, after due notice from the commission,
35 in violating a material provision of a charter contract or

1 its authorizing contract with the commission, or fails to
2 remedy other identified authorizing problems, the commission
3 shall notify the authorizer, within a reasonable amount
4 of time under the circumstances, that it intends to revoke
5 the authorizer's chartering authority unless the authorizer
6 demonstrates a timely and satisfactory remedy for the violation
7 or deficiencies.

8 *f.* In the event of revocation of any authorizer's chartering
9 authority, the commission shall manage the timely and orderly
10 transfer of each charter contract held by that authorizer to
11 another authorizer in the state, with the mutual agreement
12 of each affected public charter school and proposed new
13 authorizer. The new authorizer shall assume the existing
14 charter contract for the remainder of the charter term.

15 **Sec. 8. NEW SECTION. 257A.7 Application process.**

16 *1. Request for proposals.*

17 *a.* To solicit, encourage, and guide the development of
18 quality public charter school applications, every authorizer
19 operating under this chapter shall issue and broadly publicize
20 a request for proposals by August 1 annually. The content and
21 dissemination of the request for proposals shall be consistent
22 with the purposes and requirements of this chapter.

23 *b.* Charter applicants may submit a proposal for a particular
24 public charter school to no more than one authorizer at a time.

25 *c.* The commission shall annually establish and disseminate
26 a statewide timeline for charter approval or denial decisions,
27 which shall apply to all authorizers in the state.

28 *d.* Each authorizer's request for proposals shall present the
29 authorizer's strategic vision for chartering, including a clear
30 statement of any preferences the authorizer wishes to grant to
31 applications that assist at-risk students.

32 *e.* The request for proposals shall include or otherwise
33 direct applicants to the performance framework that the
34 authorizer has developed for public charter school oversight
35 and evaluation in accordance with section 257A.8, subsection 1.

1 *f.* The request for proposals shall include the criteria
2 that will guide the authorizer's decision to approve or deny
3 a charter application.

4 *g.* The request for proposals shall state clear,
5 appropriately detailed questions as well as guidelines
6 concerning the format and content essential for applicants to
7 demonstrate the capacities necessary to establish and operate a
8 successful public charter school.

9 *h.* The request for proposals shall require charter
10 applications to provide or describe thoroughly, and each
11 charter application shall provide or describe thoroughly, all
12 of the following essential elements of the proposed school
13 plan:

14 (1) An executive summary.

15 (2) The mission and vision of the proposed public charter
16 school, including identification of the targeted student
17 population and the community the school hopes to serve.

18 (3) The location or geographic area proposed for the school.

19 (4) The grades to be served each year for the full term of
20 the charter contract.

21 (5) Minimum, planned, and maximum enrollment per grade per
22 year for the term of the charter contract.

23 (6) Evidence of need and community support for the proposed
24 public charter school.

25 (7) Background information on the proposed founding
26 governing board members and, if identified, the proposed school
27 leadership and management team.

28 (8) The school's proposed calendar and sample daily
29 schedule.

30 (9) A description of the academic program aligned with
31 the comprehensive school improvement plan and reporting
32 requirements of section 256.7, subsection 21; the core
33 curriculum established pursuant to section 256.7, subsection
34 26; the core content standards established pursuant to section
35 256.7, subsection 28; and the state educational standards

1 pursuant to section 256.11.

2 (10) A description of the school's instructional design,
3 including the type of learning environment, class size and
4 structure, curriculum overview, and teaching methods.

5 (11) The school's plan for using internal and external
6 assessments to measure and report student progress on the
7 performance framework developed by the authorizer in accordance
8 with section 257A.8, subsection 1.

9 (12) The school's plans for identifying and successfully
10 serving students with disabilities, children requiring special
11 education pursuant to chapter 256B, students who are English
12 language learners, students who are academically behind, and
13 gifted students, including but not limited to compliance with
14 applicable laws and rules.

15 (13) A description of cocurricular or extracurricular
16 programs and how they will be funded and delivered.

17 (14) Plans and timelines for student recruitment and
18 enrollment, including lottery procedures.

19 (15) The school's student discipline policies, including
20 those for children requiring special education as defined in
21 section 256B.2, subsection 1, paragraph "a".

22 (16) An organization chart that clearly presents the public
23 charter school's organizational structure, including lines of
24 authority and reporting between the governing board, staff,
25 any related advisory bodies or councils, and any external
26 organizations that will play a role in managing the school.

27 (17) A clear description of the roles and responsibilities
28 for the governing board, the public charter school's leadership
29 and management team, and any other entities shown in the
30 organization chart.

31 (18) A staffing chart for the public charter school's first
32 year, and a staffing plan for the term of the charter.

33 (19) Plans for recruiting and developing public charter
34 school leadership and staff.

35 (20) The public charter school's leadership and teacher

1 employment policies, including performance evaluation plans.

2 (21) Proposed governing bylaws.

3 (22) Explanations of any partnerships or contractual
4 relationships central to the public charter school's operations
5 or mission.

6 (23) The public charter school's plans for providing
7 transportation, food service, and all other significant
8 operational or ancillary services.

9 (24) Opportunities and expectations for parent involvement.

10 (25) A detailed public charter school start-up plan,
11 identifying tasks, timelines, and responsible individuals.

12 (26) Description of the public charter school's financial
13 plan and policies, including financial controls and audit
14 requirements.

15 (27) A description of the insurance coverage the public
16 charter school will obtain.

17 (28) Start-up and five-year budgets with clearly stated
18 assumptions.

19 (29) Start-up and first-year cash-flow projections with
20 clearly stated assumptions.

21 (30) Evidence of anticipated fund-raising contributions,
22 if claimed in the application.

23 (31) A sound facilities plan, including backup or
24 contingency plans if appropriate.

25 *i.* In the case of an application to establish a public
26 charter school by converting an existing noncharter public
27 school to public charter school status, the request for
28 proposals shall additionally require the applicants to
29 demonstrate support for the proposed public charter school
30 conversion by a petition signed by a majority of teachers and
31 a petition signed by a majority of parents of students in the
32 existing noncharter public school.

33 *j.* In the case of a proposal to establish a virtual public
34 charter school, the request for proposals shall additionally
35 require the applicants to describe the proposed virtual public

1 charter school's system of course credits and how the school
2 will do the following:

3 (1) Monitor and verify full-time student enrollment,
4 student participation in a full course load, credit accrual,
5 and course completion.

6 (2) Monitor and verify student progress and performance
7 in each course through regular, proctored assessments and
8 submissions of coursework.

9 (3) Conduct parent-teacher conferences.

10 (4) Administer state-required assessments to all students
11 in a proctored setting.

12 *k.* In the case of a proposed public charter school that
13 intends to contract with an education service provider for
14 substantial educational services, management services, or both
15 types of services, the request for proposals shall additionally
16 require the applicants to do the following:

17 (1) Provide evidence of the education service provider's
18 success in serving student populations similar to the targeted
19 population, including demonstrated academic achievement as well
20 as successful management of nonacademic school functions if
21 applicable.

22 (2) Provide a term sheet setting forth the proposed
23 duration of the service contract; roles and responsibilities
24 of the governing board, the school staff, and the service
25 provider; scope of services and resources to be provided
26 by the education service provider; performance evaluation
27 measures and timelines; compensation structure, including clear
28 identification of all fees to be paid to the education service
29 provider; methods of contract oversight and enforcement;
30 investment disclosure; and conditions for renewal and
31 termination of the contract.

32 (3) Disclose and explain any existing or potential
33 conflicts of interest between the public charter school
34 governing board and the proposed education service provider or
35 any affiliated business entities.

1 1. In the case of a public charter school proposal from an
2 applicant that currently operates one or more schools in any
3 state or nation, the request for proposals shall additionally
4 require the applicant to provide evidence of past performance
5 and current capacity for growth.

6 2. *Application decision-making process.*

7 a. In reviewing and evaluating charter applications,
8 authorizers shall employ procedures, practices, and criteria
9 consistent with nationally recognized principles and standards
10 for quality charter authorizing. The application review
11 process shall include thorough evaluation of each written
12 charter application, an in-person interview with the applicant
13 group, and an opportunity in a public forum for local residents
14 to learn about and provide input on each application.

15 b. In deciding whether to approve charter applications,
16 authorizers shall do the following:

17 (1) Grant charters only to applicants that have
18 demonstrated competence in each element of the authorizer's
19 published approval criteria and are likely to open and operate
20 a successful public charter school.

21 (2) Base decisions on documented evidence collected through
22 the application review process.

23 (3) Follow charter-granting policies and practices that are
24 transparent, based on merit, and avoid conflicts of interest or
25 any appearance of conflicts of interests.

26 c. No later than sixty days after the filing of a charter
27 application, the authorizer shall decide to approve or deny the
28 charter application. The authorizer shall adopt by resolution
29 all charter approval or denial decisions in an open meeting of
30 the authorizer's governing board.

31 d. An approval decision may include, if appropriate,
32 reasonable conditions that the charter applicant must
33 meet before a charter contract may be executed pursuant to
34 subsection 5.

35 e. For any charter denial, the authorizer shall clearly

1 state, for public record, its reasons for denial. A denied
2 applicant may subsequently reapply to that authorizer or apply
3 to any other authorizer in the state.

4 *f.* Within ten days of taking action to approve or deny
5 a charter application, the authorizer shall report to the
6 commission the action it has taken. The authorizer shall
7 provide a copy of the report to the charter applicant at the
8 same time that the report is submitted to the commission. The
9 report shall include a copy of the authorizer governing board's
10 resolution setting forth the action taken and reasons for
11 the decision and assurances as to compliance with all of the
12 procedural requirements and application elements set forth in
13 this section.

14 3. *Purposes and limitations of charter applications.* The
15 purposes of the charter application are to present the proposed
16 public charter school's academic and operational vision and
17 plans, demonstrate the applicant's capacities to execute the
18 proposed vision and plans, and provide the authorizer a clear
19 basis for assessing the applicant's plans and capacities. An
20 approved charter application shall not serve as the school's
21 charter contract.

22 4. *Initial charter term.* An initial charter shall be
23 granted for a term of five operating years. The charter term
24 shall commence on the public charter school's first day of
25 operation. An approved public charter school may delay its
26 opening for one school year in order to plan and prepare for
27 the school's opening. If the public charter school requires
28 an opening delay of more than one school year, the school must
29 request an extension from its authorizer. The authorizer may
30 grant or deny the extension depending on the particular public
31 charter school's circumstances.

32 5. *Charter contracts.*

33 *a.* Within ten days of approval of a charter application,
34 the authorizer and the governing board of the approved
35 public charter school shall execute a charter contract that

1 clearly sets forth the academic and operational performance
2 expectations and measures by which the public charter school
3 will be judged and the administrative relationship between the
4 authorizer and public charter school, including each party's
5 rights and duties. The performance expectations and measures
6 set forth in the charter contract shall include but need not
7 be limited to applicable federal and state accountability
8 requirements. The performance provisions may be refined or
9 amended by mutual agreement after the public charter school is
10 operating and has collected baseline achievement data for its
11 enrolled students.

12 *b.* The charter contract for a virtual public charter school
13 shall include description and agreement regarding the methods
14 by which the school will do the following:

15 (1) Monitor and verify full-time student enrollment,
16 student participation in a full course load, credit accrual,
17 and course completion.

18 (2) Monitor and verify student progress and performance
19 in each course through regular, proctored assessments and
20 submissions of coursework.

21 (3) Conduct parent-teacher conferences.

22 (4) Administer state-required assessments to all students
23 in a proctored setting.

24 *c.* The charter contract shall be signed by the president
25 of the authorizer's governing board and the president of the
26 public charter school's governing body. Within ten days of
27 executing a charter contract, the authorizer shall submit to
28 the commission written notification of the charter contract
29 execution, including a copy of the executed charter contract
30 and any attachments.

31 *d.* A public charter school shall not commence operations
32 without a charter contract executed in accordance with this
33 subsection and approved in an open meeting of the authorizer's
34 governing board.

35 *6. Preopening requirements or conditions.* Authorizers may

1 establish reasonable preopening requirements or conditions
2 to monitor the start-up progress of newly approved public
3 charter schools and ensure that they are prepared to open
4 smoothly on the date agreed, and to ensure that each school
5 meets all building, health, safety, insurance, and other legal
6 requirements for school opening.

7 Sec. 9. NEW SECTION. **257A.8 Accountability.**

8 1. *Performance framework.*

9 a. The performance provisions within the charter contract
10 shall be based on a performance framework that clearly sets
11 forth the academic and operational performance indicators,
12 measures, and metrics that will guide the authorizer's
13 evaluations of each public charter school. The performance
14 framework shall include indicators, measures, and metrics for,
15 at a minimum, all of the following:

16 (1) Student academic proficiency.

17 (2) Student academic growth.

18 (3) Achievement gaps in both proficiency and growth between
19 major student subgroups.

20 (4) Attendance.

21 (5) Recurrent enrollment from year to year.

22 (6) For secondary schools, postsecondary readiness.

23 (7) Financial performance and sustainability.

24 (8) Board performance and stewardship, including compliance
25 with all applicable laws, rules, and terms of the charter
26 contract.

27 b. Annual performance targets shall be set by each public
28 charter school in conjunction with its authorizer, and shall be
29 designed to help each school meet applicable federal, state,
30 and authorizer expectations.

31 c. The performance framework shall allow the inclusion of
32 additional rigorous, valid, and reliable indicators proposed by
33 a public charter school to augment external evaluations of its
34 performance, provided that the authorizer approves the quality
35 and rigor of such school-proposed indicators, and they are

1 consistent with the purposes of this chapter.

2 *d.* The performance framework shall require the
3 disaggregation of all student performance data by major student
4 subgroups including but not limited to gender, race, poverty
5 status, special education status, English learner status, and
6 talented and gifted status.

7 *e.* For each public charter school it oversees, the
8 authorizer shall be responsible for collecting, analyzing, and
9 reporting all data from state assessments in accordance with
10 the performance framework.

11 *f.* Multiple public charter schools operating under a single
12 charter contract or overseen by a single governing board
13 shall be required to report their performance as separate,
14 individual schools, and each school shall be held independently
15 accountable for its performance.

16 *2. Ongoing oversight and corrective actions.*

17 *a.* An authorizer shall continually monitor the performance
18 and legal compliance of the public charter schools it oversees,
19 including collecting and analyzing data to support ongoing
20 evaluation according to the charter contract. Every authorizer
21 may conduct or require oversight activities that enable the
22 authorizer to fulfill its responsibilities under this chapter,
23 including conducting appropriate inquiries and investigations,
24 so long as those activities are consistent with this chapter,
25 adhere to the terms of the charter contract, and do not unduly
26 inhibit the autonomy granted to public charter schools.

27 *b.* Each authorizer shall annually publish and provide, as
28 part of its annual report to the commission and the general
29 assembly, a performance report for each public charter school
30 it oversees, in accordance with the performance framework set
31 forth in the charter contract and subsection 1. The authorizer
32 may require each public charter school it oversees to submit an
33 annual report to assist the authorizer in gathering complete
34 information about each school, consistent with the performance
35 framework.

1 *c.* In the event that a public charter school's performance
2 or legal compliance appears unsatisfactory, the authorizer
3 shall promptly notify the public charter school of the
4 perceived problem and provide reasonable opportunity for the
5 school to remedy the problem, unless the problem warrants
6 revocation in which case the revocation time frames will apply.

7 *d.* Every authorizer may take appropriate corrective actions
8 or exercise sanctions short of revocation in response to
9 apparent deficiencies in public charter school performance
10 or legal compliance. Such actions or sanctions may include,
11 if warranted, requiring a school to develop and execute a
12 corrective action plan within a specified time frame.

13 3. *Renewals, revocations, and nonrenewals.*

14 *a.* A charter may be renewed for successive five-year terms
15 of duration, although the authorizer may vary the term based
16 on the performance, demonstrated capacities, and particular
17 circumstances of each public charter school. An authorizer
18 may grant renewal with specific conditions for necessary
19 improvements to a public charter school.

20 *b.* No later than December 1 annually, the authorizer shall
21 issue a public charter school performance report and charter
22 renewal application guidance to any public charter school whose
23 charter will expire the following year. The performance report
24 shall summarize the public charter school's performance record
25 to date, based on the data required by this chapter and the
26 charter contract, and shall provide notice of any weaknesses
27 or concerns perceived by the authorizer concerning the public
28 charter school that may jeopardize its position in seeking
29 renewal if not timely rectified. The public charter school
30 shall have thirty days to respond to the performance report and
31 submit any corrections or clarifications for the report.

32 *c.* The renewal application guidance shall, at a minimum,
33 provide an opportunity for the public charter school to do the
34 following:

35 (1) Present additional evidence, beyond the data contained

1 in the performance report, supporting its case for charter
2 renewal.

3 (2) Describe improvements undertaken or planned for the
4 school.

5 (3) Detail the school's plans for the next charter term.

6 *d.* The renewal application guidance shall include or refer
7 explicitly to the criteria that will guide the authorizer's
8 renewal decisions, which shall be based on the performance
9 framework set forth in the charter contract and consistent with
10 this chapter.

11 *e.* No later than August 1, the governing board of a
12 public charter school seeking renewal beginning with the next
13 fiscal year shall submit a renewal application to the charter
14 authorizer pursuant to the renewal application guidance issued
15 by the authorizer. The authorizer shall rule by resolution
16 on the renewal application no later than sixty days after the
17 filing of the renewal application.

18 *f.* In making charter renewal decisions, every authorizer
19 shall do the following:

20 (1) Ground its decisions in evidence of the school's
21 performance over the term of the charter contract in accordance
22 with the performance framework set forth in the charter
23 contract.

24 (2) Ensure that data used in making renewal decisions are
25 available to the school and the public.

26 (3) Provide a public report summarizing the evidence basis
27 for each decision.

28 *g.* A charter contract may be revoked at any time or not
29 renewed if the authorizer determines that the public charter
30 school did any of the following or otherwise failed to comply
31 with the provisions of this chapter:

32 (1) Commits a material and substantial violation of any of
33 the terms, conditions, standards, or procedures required under
34 this chapter or the charter contract.

35 (2) Fails to meet or make sufficient progress toward the

1 performance expectations set forth in the charter contract.

2 (3) Fails to meet generally accepted standards of fiscal
3 management.

4 (4) Substantially violates any material provision of law
5 from which the public charter school was not exempted.

6 *h.* An authorizer must develop revocation and nonrenewal
7 processes that do the following:

8 (1) Provide the charter holders with a timely notification
9 of the prospect of revocation or nonrenewal and of the reasons
10 for such possible closure.

11 (2) Allow the charter holders a reasonable amount of time
12 in which to prepare a response.

13 (3) Provide the charter holders with an opportunity to
14 submit documents and give testimony challenging the rationale
15 for closure and in support of the continuation of the school at
16 an orderly proceeding held for that purpose.

17 (4) Allow the charter holders access to representation by
18 counsel and to call witnesses on their behalf.

19 (5) Permit the recording of such proceedings.

20 (6) After a reasonable period for deliberation, require
21 a final determination be made and conveyed in writing to the
22 charter holders.

23 *i.* If an authorizer revokes or does not renew a charter,
24 the authorizer shall clearly state, in a resolution of its
25 governing board, the reasons for the revocation or nonrenewal.

26 *j.* Within ten days of taking action to renew, not renew, or
27 revoke a charter, the authorizer shall report to the commission
28 the action taken, and shall provide a copy of the report to
29 the public charter school at the same time that the report is
30 submitted to the commission. The report shall include a copy
31 of the authorizer governing board's resolution setting forth
32 the action taken and reasons for the decision and assurances as
33 to compliance with all of the requirements set forth in this
34 chapter.

35 4. *School closure and dissolution.*

1 *a.* Prior to any public charter school closure decision,
2 an authorizer shall have developed a public charter school
3 closure protocol to ensure timely notification to parents,
4 orderly transition of students and student records to new
5 schools, and proper disposition of school funds, property, and
6 assets in accordance with the requirements of this chapter.
7 The protocol shall specify tasks, timelines, and responsible
8 parties, including delineating the respective duties of the
9 school and the authorizer. In the event of a public charter
10 school closure for any reason, the authorizer shall oversee and
11 work with the closing school to ensure a smooth and orderly
12 closure and transition for students and parents, as guided by
13 the closure protocol.

14 *b.* In the event of a public charter school closure for any
15 reason, the assets of the school shall be distributed first
16 to satisfy outstanding payroll obligations for employees of
17 the school, then to creditors of the school, and then to the
18 commission for transfer to the treasurer of state for deposit
19 in the general fund of the state. If the assets of the school
20 are insufficient to pay all parties to whom the school owes
21 compensation, the prioritization of the distribution of assets
22 may be determined by decree of a court of law.

23 5. *Charter transfers.* Transfer of a charter contract, and
24 of oversight of that public charter school, from one authorizer
25 to another before the expiration of the charter term shall not
26 be permitted except by special petition to the commission by a
27 public charter school or its authorizer. The commission shall
28 review such petitions on a case-by-case basis and may grant
29 transfer requests in response to special circumstances and
30 evidence that such a transfer would serve the best interests of
31 the public charter school's students.

32 6. *Annual report.* On or before December 1 of each year
33 beginning in the first year after any public charter school
34 established pursuant to this chapter has been operating for a
35 full school year, the commission shall issue to the governor,

1 the general assembly, and the public at large, an annual report
2 on the state's public charter schools established pursuant
3 to this chapter, drawing from the annual reports submitted
4 by every authorizer as well as any additional relevant data
5 compiled by the commission, for the school year ending in the
6 preceding calendar year. The annual report shall include
7 a comparison of the performance of public charter school
8 students with the performance of academically, ethnically,
9 and economically comparable groups of students in noncharter
10 public schools. In addition, the annual report shall include
11 the commission's assessment of the successes, challenges, and
12 areas for improvement in meeting the purposes of this chapter,
13 including the commission's assessment of the sufficiency of
14 funding for public charter schools, the efficacy of the state
15 formula for authorizer funding, and any suggested changes in
16 state law or policy necessary to strengthen the public charter
17 schools established under this chapter.

18 Sec. 10. NEW SECTION. **257A.9 Operations and autonomy.**

19 1. *Legal status of public charter school.*

20 a. Notwithstanding any provision of law to the contrary, to
21 the extent that any provision of this chapter is inconsistent
22 with any other state or local law, rule, or regulation, the
23 provisions of this chapter shall govern and be controlling.

24 b. A public charter school shall be a nonprofit education
25 organization.

26 c. A public charter school shall be subject to all federal
27 laws and authorities enumerated herein or arranged by charter
28 contract with the school's authorizer, where such contracting
29 is consistent with applicable laws, rules, and regulations.

30 d. Except as provided in this chapter, a public charter
31 school shall not be subject to the state's education statutes
32 or any state or local rule, regulation, policy, or procedure
33 relating to noncharter public schools within an applicable
34 local school district regardless of whether such rule,
35 regulation, policy, or procedure is established by the local

1 school board, the state board of education, or the state
2 department of education.

3 e. A charter contract may include one or more schools,
4 to the extent approved by the authorizer and consistent with
5 applicable law. Each public charter school that is part of
6 a charter contract shall be separate and distinct from any
7 others.

8 f. A single governing board may hold one or more charter
9 contracts. Each public charter school that is part of a
10 charter contract shall be separate and distinct from any
11 others.

12 2. *Local educational agency status.*

13 a. A public charter school shall function as a local
14 educational agency. A public charter school shall be
15 responsible for meeting the requirements of a local educational
16 agency under applicable federal, state, and local laws,
17 including those relating to special education. Local
18 educational agency status shall not preclude a public charter
19 school from developing partnerships with districts for
20 services, resources, and programs by mutual agreement or formal
21 contract.

22 b. A public charter school shall have primary responsibility
23 for special education at the school, including identification
24 and service provision. It shall be responsible for meeting the
25 needs of enrolled students with disabilities. In instances
26 where a student's individualized education program team
27 determines that a student's needs are so profound that they
28 cannot be met in the public charter school and that the public
29 charter school cannot provide a free, appropriate public
30 education to that student, the student's district of residence
31 shall place the student in a more appropriate setting.

32 Sec. 11. NEW SECTION. 257A.10 **Funding.**

33 1. *Enrollment.* The enrollment of students attending
34 public charter schools shall be included in the enrollment,
35 attendance, and, if applicable, count of children requiring

1 special education of the school district in which the student
2 resides. The public charter school shall report all such data
3 to the school districts of residence in a timely manner. Each
4 school district shall report such enrollment, attendance, and
5 count of students with disabilities to the state department of
6 education.

7 2. *Operational funding.* The local school district of
8 residence shall pay directly to the public charter school
9 for each student enrolled in the public charter school who
10 resides in the school district an amount for that student
11 equal to one hundred percent of the amount calculated pursuant
12 to the state's funding formula for local school districts,
13 notwithstanding the oversight fee reductions pursuant to
14 section 257A.5, subsection 6.

15 3. *Payment schedule.* Payments made pursuant to this section
16 shall be made by local school districts in twelve substantially
17 equal installments each year beginning on the first business
18 day of July and every month thereafter. Amounts payable
19 under this section shall be determined by the department of
20 education. Amounts payable to a public charter school in its
21 first year of operation shall be based on the projections of
22 initial-year enrollment set forth in the charter contract.
23 Such projections shall be reconciled with the actual enrollment
24 at the end of the public charter school's first year of
25 operation, and any necessary adjustments shall be made to
26 payments during the school's second year of operation.

27 4. *Sanctions for failure to make payments.* In the event
28 of the failure of a local school district to make payments
29 required by this section, the state treasurer shall deduct
30 from the state foundation aid paid under section 257.16 to
31 the school district an amount equal to the unpaid obligation.
32 The treasurer of state shall pay over such sum to the public
33 charter school upon certification of the department of
34 education. The department of education shall adopt rules to
35 implement the provisions of this section.

1 5. *Categorical funding.* A local school district shall
2 direct the proportionate share of moneys generated under
3 federal and state categorical aid programs pursuant to section
4 257.10 to public charter schools serving students eligible for
5 such aid. A local school district shall ensure that public
6 charter schools with rapidly expanding enrollments are treated
7 equitably in the calculation and disbursement of all federal
8 and state categorical aid program dollars. Each public charter
9 school that serves students who may be eligible to receive
10 services provided through such programs shall comply with all
11 reporting requirements to receive the aid.

12 6. *Special education funding.*

13 a. A local school district shall pay directly to a public
14 charter school any federal or state aid attributable to a
15 student with a disability attending the school.

16 b. At either party's request, a public charter school
17 and its authorizer may negotiate and include in the charter
18 contract alternate arrangements for the provision of and
19 payment for special education services.

20 7. *Generally accepted accounting principles — independent*
21 *audit.*

22 a. A public charter school shall adhere to generally
23 accepted accounting principles.

24 b. A public charter school shall annually engage an external
25 auditor to do an independent audit of the school's finances. A
26 public charter school shall file a copy of each audit report
27 and accompanying management letter to its authorizer by October
28 1.

29 8. *Transportation funding.*

30 a. The department of education shall disburse state
31 transportation funding pursuant to chapter 285 to a local
32 school district for each of the public charter school students
33 residing in the local school district on the same basis and
34 in the same manner as it is paid to local school districts.
35 A local school district shall disburse state transportation

1 funding to a public charter school in proportion to the amount
2 generated by the school's students who reside in the local
3 school district.

4 *b.* A public charter school may enter into a contract
5 with a local school district or private provider to provide
6 transportation to the school's students.

7 9. *Budget reserves.* Any moneys received by a public charter
8 school from any source and remaining in the public charter
9 school's accounts at the end of any budget year shall remain
10 in the public charter school's accounts for use by the public
11 charter school during subsequent budget years.

12 10. *Ability to accept gifts, donations, and grants.* This
13 chapter shall not be construed to prohibit any person or
14 organization from providing funding or other assistance to the
15 establishment or operation of a public charter school. The
16 governing board of a public charter school may accept gifts,
17 donations, and grants of any kind made to the public charter
18 school and to expend or use such gifts, donations, and grants
19 in accordance with the conditions prescribed by the donor;
20 provided, however, that a gift, donation, or grant shall not
21 be accepted if subject to a condition that is contrary to any
22 provision of law or term of the charter contract.

23 Sec. 12. NEW SECTION. 257A.11 **Facilities.**

24 1. *Per-student facility allowance.*

25 *a.* The per-student facility allowance for public charter
26 schools shall be determined as follows: the total capital
27 costs for public schools in the state over the past five years
28 shall be divided by the total student count in the state over
29 the past five years.

30 *b.* The actual facility allowance payments to be received
31 by each public charter school shall be determined as follows:
32 the per-student facility allowance shall be multiplied by
33 the number of students estimated to be attending each public
34 charter school.

35 2. *Public charter school facility grant program.*

1 *a.* The state board of education shall establish, within
2 available bond authorizations, a grant program to assist public
3 charter schools in financing school building projects, general
4 improvements to school buildings, and repayment of debt for
5 school building projects. Public charter schools may apply for
6 such grants to the state board of education at such time and in
7 such manner as the state board of education prescribes. The
8 state board of education shall give preference to applications
9 that provide for matching funds from nonstate sources.

10 *b.* For the purposes described in paragraph "a", the Iowa
11 finance authority shall have the power, from time to time, to
12 authorize the issuance of bonds of the state in one or more
13 series and in principal amounts not exceeding in the aggregate
14 amounts to be determined by the school budget review committee.

15 *c.* The proceeds of the sale of bonds under paragraph "b",
16 to the extent of the amount specified by the Iowa finance
17 authority pursuant to paragraph "b" shall be used by the state
18 board of education for the purpose of grants pursuant to
19 paragraph "a".

20 *d.* Bonds issued pursuant to this section shall be general
21 obligations of the state and the full faith and credit of the
22 state are pledged for the payment of the principal of and
23 interest on said bonds as the same become due, and accordingly
24 and as part of the contract of the state with the holders of
25 said bonds, appropriation of all amounts necessary for punctual
26 payment of such principal and interest is hereby made, and the
27 treasurer of state shall pay such principal and interest as the
28 same become due.

29 3. *Public charter school facility revolving loan program.*

30 *a.* A public charter school facility revolving loan program
31 is created in the state treasury under the control of the
32 state board of education. The public charter school facility
33 revolving loan program shall be comprised of federal funds
34 obtained by the state for public charter schools and any other
35 funds appropriated or transferred to the fund by the state.

1 Funds appropriated to the public charter school facility
2 revolving loan program shall remain available for the purposes
3 of the program until reappropriated or reverted by the general
4 assembly.

5 *b.* Loans may be made from moneys in the public charter
6 school facility revolving loan program to a public charter
7 school, upon application by a public charter school and
8 approval by the state board of education or its designee.
9 Money loaned to a public charter school pursuant to this
10 section shall be for construction, purchase, renovation, and
11 maintenance of public charter school facilities. A loan
12 to a public charter school shall not exceed the number of
13 years allowed for loan payment or the loan amount specified
14 by the Iowa finance authority. A public charter school may
15 receive multiple loans from the public charter school facility
16 revolving loan program, as long as the total number of years
17 allowed for loan payment or the loan amount is not greater than
18 specified by the Iowa finance authority.

19 *c.* The Iowa finance authority or its designee may consider
20 all of the following when making a determination as to the
21 approval of a public charter school's loan application:

22 (1) Soundness of the financial business plans of the
23 applicant public charter school.

24 (2) Availability to the public charter school of other
25 sources of funding.

26 (3) Geographic distribution of loans made from the public
27 charter school facility revolving loan program.

28 (4) The impact that loans received pursuant to this section
29 will have on the public charter school's receipt of other
30 private and public financing.

31 (5) Plans for innovatively enhancing or leveraging funds
32 received pursuant to this section, such as loan guarantees or
33 other types of credit enhancements.

34 (6) The financial needs of the public charter school.

35 *d.* Commencing with the first fiscal year following the

1 fiscal year the public charter school receives the loan, the
2 department of management shall deduct from apportionments made
3 to the public charter school, as appropriate, an amount equal
4 to the annual repayment of the amount loaned to the public
5 charter school under this section and pay the same amount into
6 the public charter school facility revolving loan account in
7 the state treasury. Repayment of the full amount loaned to
8 the public charter school shall be deducted by the department
9 of management in equal annual amounts over a number of years
10 agreed upon between the public charter school and the state
11 board of education or its designee, not to exceed the number of
12 years allowed for loan payment specified by the Iowa finance
13 authority for any loan.

14 e. Notwithstanding other provisions of law, a loan may be
15 made to a public charter school pursuant to this section only
16 in the case of a public charter school that is incorporated.

17 f. Notwithstanding other provisions of law, in the case
18 of default of a loan made directly to a public charter school
19 pursuant to this section, the public charter school shall be
20 solely liable for repayment of the loan.

21 4. *Bonding authority.*

22 a. As used in this subsection and subsection 5, unless the
23 context otherwise requires:

24 (1) "Authority" means the Iowa finance authority.

25 (2) "Bonds" means revenue bonds which are payable solely as
26 provided in this subsection.

27 b. The authority shall cooperate with the governing board
28 of public charter schools established pursuant to this chapter
29 and private developers, acting in conjunction with a governing
30 body to build housing facilities in connection with the public
31 charter school, in the creation, administration, and funding
32 of a public charter school bond program to finance school
33 facilities in connection with the public charter school.

34 c. The authority may issue its bonds and notes for the
35 purpose of funding the nonrecurring cost of acquiring,

1 constructing, and equipping a public charter school-related
2 facility.

3 *d.* The authority may issue its bonds and notes for the
4 purposes of this chapter and may enter into one or more lending
5 agreements or purchase agreements with one or more bondholders
6 or noteholders containing the terms and conditions of the
7 repayment of and the security for the bonds or notes. The
8 authority and the bondholders or noteholders or a trustee
9 agent designated by the authority may enter into agreements to
10 provide for any of the following:

11 (1) That the proceeds of the bonds and notes and the
12 investments of the proceeds may be received, held, and
13 disbursed by the authority or by a trustee or agent designated
14 by the authority.

15 (2) That the bondholders or noteholders or a trustee or
16 agent designated by the authority may collect, invest, and
17 apply the amount payable under the loan agreements or any
18 other instruments securing the debt obligations under the loan
19 agreements.

20 (3) That the bondholders or noteholders may enforce the
21 remedies provided in the loan agreements or other instruments
22 on their own behalf without the appointment or designation of a
23 trustee. If there is a default in the principal of or interest
24 on the bonds or notes or in the performance of any agreement
25 contained in the loan agreements or other instruments, the
26 payment or performance may be enforced in accordance with the
27 loan agreement or other instrument.

28 (4) Other terms and conditions as deemed necessary or
29 appropriate by the authority.

30 *e.* The powers granted the authority under this subsection
31 are in addition to other powers contained in chapter 16.
32 The authority shall adopt rules pursuant to chapter 17A to
33 implement this subsection. All other provisions of chapter 16,
34 except section 16.28, subsection 4, apply to bonds or notes
35 issued and powers granted to the authority under this section,

1 except to the extent they are inconsistent with this section.

2 *f.* All bonds or notes issued by the authority in connection
3 with the program are exempt from taxation by this state and the
4 interest on the bonds or notes is exempt from state income tax,
5 both personal and corporate.

6 *g.* The authority may provide in the resolution, trust
7 agreement, or other instrument authorizing the issuance of its
8 bonds or notes pursuant to this subsection that the principal
9 of, premium, and interest on the bonds or notes are payable
10 from any of the following and may pledge the same to its bonds
11 and notes:

12 (1) From the net rents, profits, and income arising from the
13 project or property pledged or mortgaged.

14 (2) From the net rents, profits, and income which has
15 not been pledged for other purposes arising from any similar
16 facility under the control and management of the public charter
17 school or the public charter school's governing body.

18 (3) From the funding received by the public charter school
19 governing board pursuant to section 257A.10.

20 (4) From the amounts on deposit in the name of a public
21 charter school or a private developer or operator of a public
22 charter school facility, including but not limited to revenues
23 from a purchase, rental, or lease agreement, loan agreement, or
24 other facility charges.

25 (5) From the amounts payable to the authority, the public
26 charter school or the governing board, or a private developer
27 or operator, pursuant to a loan agreement, lease agreement, or
28 sale agreement.

29 (6) From funds received pursuant to subsection 6.

30 (7) From the other funds or accounts established by the
31 authority in connection with the program or the sale and
32 issuance of its bonds or notes.

33 *h.* No obligation created hereunder shall ever be or become
34 a charge against the state of Iowa but all such obligations,
35 including principal and interest, shall be payable solely as

1 provided in this subsection.

2 *i.* The authority may establish reserve funds to secure
3 one or more issues of its bonds or notes. The authority may
4 deposit in a reserve fund established under this subsection,
5 the proceeds of the sale of its bonds or notes and other money
6 which is made available from any other source.

7 *j.* A pledge made in respect of bonds or notes is valid
8 and binding from the time the pledge is made. The money or
9 property so pledged and received after the pledge by the
10 authority is immediately subject to the lien of the pledge
11 without physical delivery or further act. The lien of the
12 pledge is valid and binding as against all persons having
13 claims of any kind in tort, contract, or otherwise against
14 the authority whether or not the parties have notice of the
15 lien. Neither the resolution, trust agreement, nor any other
16 instrument by which a pledge is created needs to be recorded,
17 filed, or perfected under chapter 554, to be valid, binding, or
18 effective against all persons.

19 *k.* The members of the authority or persons executing the
20 bonds or notes are not personally liable on the bonds or notes
21 and are not subject to personal liability or accountability by
22 reason of the issuance of the bonds or notes.

23 *l.* The bonds or notes issued by the authority are not
24 an indebtedness or other liability of the state or of a
25 political subdivision of the state within the meaning of any
26 constitutional or statutory debt limitations, but are special
27 obligations of the authority and are payable solely from
28 the income and receipts or other funds or property of the
29 public charter school, governing body, or private developer,
30 and the amounts on deposit in a public charter school bond
31 fund, and the amounts payable to the authority under its loan
32 agreements with a public charter school, governing body, or
33 private developer to the extent that the amounts are designated
34 in the resolution, trust agreement, or other instrument of
35 the authority authorizing the issuance of the bonds or notes

1 as being available as security for the bonds or notes. The
2 authority shall not pledge the faith or credit of the state
3 or of a political subdivision of the state to the payment of
4 any bonds or notes. The issuance of any bonds or notes by
5 the authority does not directly, indirectly, or contingently
6 obligate the state or a political subdivision of the state
7 to apply money from, or levy, or pledge any form of taxation
8 whatever to the payment of the bonds or notes.

9 5. *Moral obligation of the state.*

10 a. The general assembly hereby finds and declares that its
11 intent in enacting this section is to support public charter
12 schools and public charter school capital construction by
13 helping qualified public charter schools that choose to have
14 the authority issue bonds on their behalf obtain more favorable
15 financing terms for the bonds.

16 b. If the authority has issued bonds on behalf of a public
17 charter school that defaults on its debt service payment
18 obligations, the board of directors of the authority shall
19 submit to the governor a certificate certifying any amount
20 of moneys required to fulfill the school's debt service
21 payment obligations. The governor shall submit a request for
22 appropriations in an amount sufficient to fulfill the school's
23 debt service payment obligations and the general assembly may,
24 but shall not be required to, appropriate moneys for that
25 purpose. If, in its sole discretion, the general assembly
26 appropriates any moneys for that purpose, the aggregate
27 outstanding principal amount of bonds for which moneys may
28 be appropriated for said purpose shall not exceed an amount
29 specified by the Iowa finance authority.

30 6. *Access to state facilities programs for noncharter public*
31 *schools.*

32 a. A public charter school shall have access to any school
33 infrastructure funds available under chapter 292 and any school
34 infrastructure safety funds available under section 423E.6.

35 b. The school district of residence shall pay directly to

1 the public charter school for each student enrolled in the
2 public charter school who resides in the school district an
3 amount for that student equal to one hundred percent of the
4 amount calculated pursuant to the secure an advanced vision for
5 education fund distribution formula pursuant to section 423E.4.

6 7. *Credit enhancement fund.*

7 a. A credit enhancement fund under the control of the
8 state board of education is created in the state treasury if
9 the general assembly appropriates funds to the department of
10 education for purposes of this subsection.

11 b. Using the moneys deposited in the fund, the state
12 board of education shall make and disburse grants to eligible
13 nonprofit corporations to carry out the purposes described in
14 paragraph "c".

15 c. The recipient of a grant under this fund shall use the
16 moneys provided under the grant to carry out activities to
17 assist public charter schools in doing the following:

18 (1) Obtaining financing to acquire interests in real
19 property, including but not limited to purchase, lease,
20 or donation, and including financing to cover planning,
21 development, and other incidental costs.

22 (2) Obtaining financing for construction of facilities or
23 the renovation, repair, or alteration of existing property
24 or facilities, including but not limited to the purchase or
25 replacement of fixtures and equipment; including financing to
26 cover planning, development, and other incidental costs.

27 (3) Enhancing the availability of loans, including but not
28 limited to mortgages, and bonds.

29 (4) Obtaining lease guarantees.

30 d. Funds provided under a grant under this subsection shall
31 not be used by a recipient to make direct loans or grants to
32 public charter schools.

33 8. *Access to district facilities and land.* A public charter
34 school shall have a right of first refusal to purchase or lease
35 at or below fair market value a closed public school facility

1 or property or unused portions of a public school facility or
2 property located in a local school district from which it draws
3 its students if the local school district decides to sell or
4 lease the public school facility or property.

5 9. *Contracting for use of facilities.* A public charter
6 school may negotiate and contract at or below fair market value
7 with a local school district, the governing body of a state
8 college or university or public community college, or any other
9 public or for-profit or nonprofit private entity for the use of
10 a facility for a school building.

11 10. *Use of other facilities under preexisting zoning and*
12 *land use designations.* Library, community service, museum,
13 performing arts, theatre, cinema, church, community college,
14 college, and university facilities may provide space to public
15 charter schools within their facilities under their preexisting
16 zoning and land use designations.

17 11. *Exemptions from property taxes and certain fees.*

18 a. Any facility, or portion thereof, used to house a public
19 charter school shall be exempt from property taxes.

20 b. Public charter school facilities are exempt from
21 assessments of fees for building permits, fees for building and
22 occupational licenses, impact fees, service availability fees,
23 and assessments for special benefits.

24 Sec. 13. IOWA PUBLIC CHARTER SCHOOL COMMISSION. There is
25 appropriated from the general fund of the state to the Iowa
26 public charter school commission for the fiscal year beginning
27 July 1, 2010, and ending June 30, 2011, the following amount,
28 or so much thereof as is necessary, to be used for the purposes
29 designated:

30 For purposes of administering chapter 257A, if enacted
31 by this Act, including salaries, support, maintenance, and
32 miscellaneous purposes:

33 \$ 250,000

34 EXPLANATION

35 This bill establishes the "Public Charter Schools Act", and

1 creates the Iowa public charter school commission as a public
2 charter school authorizer oversight body. Local school boards,
3 accredited public and private postsecondary institutions,
4 cities, and governing boards of nonprofit or charitable
5 organizations may apply to the commission for authorizing
6 ability. The bill appropriates \$250,000 from the general fund
7 of the state to the commission for fiscal year 2010-2011 for
8 purposes of administering the Code chapter.

9 The bill includes legislative findings and declarations,
10 and provides for the establishment of virtual public charter
11 schools that will offer educational services predominantly
12 through the internet.

13 A public charter school shall be open to any student
14 residing in the state and may limit admission to students
15 within a given age group or grade level and may be organized
16 around a special emphasis, theme, or concept as stated in the
17 school's application. A public charter school must enroll all
18 students who wish to attend the school, unless the number of
19 students exceeds the capacity of a program, class, grade level,
20 or building. The bill includes provisions for enrollment
21 preferences and credit transferability.

22 Eligible public charter school authorizers are responsible
23 for soliciting and evaluating charter applications, approving
24 quality charter applications, declining to approve weak or
25 inadequate charter applications, negotiating and executing
26 sound charter contracts with each approved public charter
27 school, monitoring the performance and legal compliance
28 of public charter schools, and determining whether each
29 charter contract merits renewal, nonrenewal, or revocation.
30 An authorizing entity may delegate its duties to offices,
31 employees, and contractors.

32 To cover authorizer costs for overseeing public charter
33 schools, the commission shall remit to each authorizer an
34 oversight fee for each public charter school it authorizes.
35 The oversight fee shall be drawn from and calculated as a

1 uniform percentage of the per-student operational funding
2 allocated to each public charter school, not to exceed 3
3 percent of each public charter school's per-student funding in
4 a single school year.

5 The commission consists of nine members serving three-year
6 terms. Three members shall be appointed by the governor; three
7 members shall be appointed by the president of the senate;
8 and three members shall be appointed by the speaker of the
9 house of representatives. The commission must establish the
10 annual application and approval process, including cycles and
11 deadlines during the fiscal year, for all entities eligible to
12 apply for chartering authority. The commission is responsible
13 for overseeing the performance and effectiveness of all
14 authorizers.

15 The commission shall establish a statewide formula for
16 authorizer funding, which shall apply uniformly to every
17 authorizer in the state. The commission shall submit the
18 formula, and any succeeding amendments to the formula, to
19 the department of management, the general assembly, and the
20 governor, and shall provide any additional information required
21 by the department. The formula shall be established by
22 statute prior to the appropriation or distribution of state
23 funds for purposes of establishing a public charter school.
24 The commission may establish a sliding scale for authorizer
25 funding, with the funding percentage decreasing after the
26 authorizer has achieved a certain threshold, such as after
27 a certain number of years of authorizing or after a certain
28 number of schools has been authorized.

29 Funding is provided through the school district of
30 residence, as the enrollment of students attending public
31 charter schools must be included in the enrollment, attendance,
32 and, if applicable, count of children requiring special
33 education of the school district in which the student resides.
34 The public charter school shall report all such data to the
35 school districts of residence in a timely manner. Each school

1 district shall report such enrollment, attendance, and count
2 of students with disabilities to the state department of
3 education. The school district must pay directly to the public
4 charter school for each student enrolled in the public charter
5 school who resides in the school district 100 percent of the
6 amount calculated under the state's funding formula, and any
7 categorical funds, for that student. A school district shall
8 pay directly to a public charter school any federal or state
9 aid attributable to a student with a disability attending the
10 school.

11 Every authorizer is required to submit to the commission
12 and the general assembly an annual report. Persistently
13 unsatisfactory performance of an authorizer's portfolio of
14 public charter schools, a pattern of well-founded complaints
15 about the authorizer or its public charter schools, or other
16 objective circumstances may trigger a special review by the
17 commission.

18 If an authorizer granted chartering authority persists,
19 after due notice from the commission, in violating a
20 material provision of a charter contract or its authorizing
21 contract with the commission, or fails to remedy other
22 identified authorizing problems, the commission shall notify
23 the authorizer that it intends to revoke the authorizer's
24 chartering authority unless the authorizer demonstrates
25 a timely and satisfactory remedy for the violation or
26 deficiencies.

27 To solicit, encourage, and guide the development of quality
28 public charter school applications, every authorizer must
29 issue and broadly publicize a request for proposals. Charter
30 applicants may submit a proposal for a particular public
31 charter school to no more than one authorizer at a time. The
32 bill includes a list of what each charter application must
33 include.

34 In the case of a proposal to establish a virtual public
35 charter school, the request for proposals for applications

1 shall additionally require the applicants to describe the
2 proposed school's system of course credits and how the school
3 will monitor and verify full-time student enrollment, student
4 participation in a full course load, credit accrual, and course
5 completion; monitor and verify student progress and performance
6 in each course through regular, proctored assessments and
7 submissions of coursework; conduct parent-teacher conferences,
8 and administer state-required assessments to all students in a
9 proctored setting.

10 A proposed public charter school may contract with an
11 education service provider for substantial educational
12 services, management services, or both types of services.

13 In reviewing and evaluating charter applications,
14 authorizers must employ procedures, practices, and criteria
15 consistent with nationally recognized principles and standards
16 for quality charter authorizing. The application review
17 process shall include thorough evaluation of each written
18 charter application, an in-person interview with the applicant
19 group, and an opportunity in a public forum for local residents
20 to learn about and provide input on each application.

21 In deciding whether to approve charter applications,
22 authorizers must grant charters only to applicants that have
23 demonstrated competence in each element of the authorizer's
24 published approval criteria and are likely to open and
25 operate a successful public charter school; base decisions on
26 documented evidence collected through the application review
27 process; and follow charter-granting policies and practices
28 that are transparent, based on merit, and avoid conflicts of
29 interest or any appearance of conflicts of interests.

30 For any charter denial, the authorizer shall clearly state,
31 for public record, its reasons for denial. A denied applicant
32 may subsequently reapply to that authorizer or apply to any
33 other authorizer in the state.

34 An initial charter shall be granted for a term of five
35 operating years.

1 The performance provisions within the charter contract shall
2 be based on a performance framework that clearly sets forth
3 the academic and operational performance indicators, measures,
4 and metrics that will guide the authorizer's evaluations of
5 each public charter school. The performance framework includes
6 indicators and measures for student academic proficiency,
7 student academic growth, achievement gaps in both proficiency
8 and growth between major student subgroups, attendance,
9 recurrent enrollment from year to year, postsecondary
10 readiness, financial performance and sustainability, and board
11 performance and stewardship.

12 The bill provides for ongoing oversight and corrective
13 actions. Every authorizer is authorized to take appropriate
14 corrective actions or exercise sanctions short of revocation
15 in response to apparent deficiencies in public charter school
16 performance or legal compliance. Such actions or sanctions
17 may include, if warranted, requiring a school to develop and
18 execute a corrective action plan within a specified time frame.

19 A charter may be renewed for successive five-year terms of
20 duration. A charter contract may be revoked at any time or not
21 renewed if the authorizer determines that the public charter
22 school commits a material and substantial violation of any of
23 the terms, conditions, standards, or procedures required under
24 the new Code chapter or the charter contract, fails to meet or
25 make sufficient progress toward the performance expectations
26 set forth in the charter contract, fails to meet generally
27 accepted standards of fiscal management, or substantially
28 violates any material provision of law from which the public
29 charter school was not exempted.

30 Prior to any public charter school closure decision, an
31 authorizer must have developed a public charter school closure
32 protocol to ensure timely notification to parents, orderly
33 transition of students and student records to new schools, and
34 proper disposition of school funds, property, and assets. In
35 the event of a public charter school closure, the assets of

1 the school shall be distributed first to satisfy outstanding
2 payroll obligations for employees of the school, then to
3 creditors of the school, and then to the commission for
4 transfer to the treasurer of state for deposit in the state
5 general fund.

6 On or before December 1, the commission must issue to the
7 governor, the general assembly, and the public at large, an
8 annual report on the state's public charter schools, drawing
9 from the annual reports submitted by every authorizer as well
10 as any additional relevant data compiled by the commission, for
11 the school year ending in the preceding calendar year.

12 A public charter school shall be a nonprofit education
13 organization subject to all federal laws. For purposes of
14 federal programs and funding, a public charter school shall
15 function as a local educational agency.

16 The per-student facility allowance for public charter
17 schools shall be the total capital costs for public schools in
18 the state over the past five years divided by the total student
19 count in the state over the past five years. The actual
20 facility allowance payments to be received by each public
21 charter school shall be determined as follows: the per-student
22 facility allowance shall be multiplied by the number of
23 students estimated to be attending each public charter school.

24 The bill directs the state board of education to establish,
25 within available bond authorizations, a grant program to assist
26 public charter schools in financing school building projects,
27 general improvements to school buildings, and repayment of
28 debt for school building projects. Public charter schools
29 may apply for such grants to the state board of education at
30 such time and in such manner as the state board of education
31 prescribes. The state board of education shall give preference
32 to applications that provide for matching funds from nonstate
33 sources.

34 The bill authorizes the Iowa finance authority to issue
35 bonds in aggregate amounts to be determined by the school

1 budget review committee. The proceeds of the sale of bonds
2 shall be used by the state board of education for public
3 charter school facilities. The bill establishes a public
4 charter school facility revolving loan program in the state
5 treasury under the control of the state board of education
6 comprised of federal funds obtained by the state for public
7 charter schools and any other funds appropriated or transferred
8 to the fund by the state. Loans may be made from moneys in
9 the revolving loan program to a public charter school. Money
10 loaned to a public charter school shall be for construction,
11 purchase, renovation, and maintenance of public charter school
12 facilities.

13 A public charter school shall have access to any school
14 infrastructure funds available under Code chapter 292, any
15 school infrastructure safety funds available under Code section
16 423E.6, and the school district of residence shall pay directly
17 to the public charter school for each student enrolled in the
18 public charter school who resides in the school district an
19 amount for that student equal to 100 percent of the amount
20 calculated pursuant to the secure an advanced vision for
21 education fund distribution formula pursuant to Code section
22 423E.4.

23 The bill creates in the state treasury, if the general
24 assembly appropriates funds to the department of education
25 for purposes of the fund, a credit enhancement fund under the
26 control of the state board of education. Fund moneys can be
27 used by the state board to make and disburse grants to eligible
28 nonprofit corporations to carry out activities to assist public
29 charter schools in obtaining financing to acquire interests
30 in real property and for construction of facilities or the
31 renovation, repair, or alteration of existing property or
32 facilities; for enhancing the availability of loans; and for
33 obtaining lease guarantees.

34 A public charter school is given first refusal rights to
35 purchase or lease at or below fair market value a closed public

1 school facility or property or unused portions of a public
2 school facility or property located in a school district from
3 which it draws its students if the school district decides to
4 sell or lease the public school facility or property.

5 A public charter school may negotiate and contract at or
6 below fair market value with a school district, the governing
7 body of a state college or university or public community
8 college, or any other public or for-profit or nonprofit private
9 entity for the use of facility for a school building.

10 Any facility used to house a public charter school is exempt
11 from property taxes and from assessments of fees for building
12 permits, fees for building and occupational licenses, impact
13 fees, service availability fees, and assessments for special
14 benefits.